

Message Text

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ACTION COME-00

INFO OCT-01 EA-12 ISO-00 AGRE-00 L-03 EB-08 CIAE-00
INR-10 NSAE-00 /034 W
-----126192 171022Z /13
P 170615Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC PRIORITY 7971

UNCLAS SECTION 01 OF 02 TOKYO 08831

PASS COMMERCE

E.O. 11652: NA
TAGS: ETRD, JA, US
SUBJECT: POTENTIAL TRADE FACILITATION COMMITTEE CASE:
ROYAL PARKER RANCH (GOJ RESTRICTIONS ON FOREIGN-BRED
HORSES)

REF: STATE 114259

1. SUMMARY. ALTHOUGH FACTS REGARDING JAPANESE
RESTRICTIONS ON FOREIGN-BRED HORSES ARE BASICALLY
AS INDICATED REFTEL, EMBASSY RECOMMENDS TAKING UP
CASE DIRECTLY RATHER THAN UTILIZING TFC CHANNELS
FOR WHAT WE BELIEVE IS A NON-WINNER. INSTRUCTIONS
REQUESTED. END SUMMARY.

2. FACTS STATED IN REFTEL ARE ESSENTIALLY CORRECT.
HOWEVER, TWO SPECIFIC AREAS DESERVE COMMENT.

(A) RE PARA 2, IF \$3.5 MILLION HAS BEEN SPENT ON PURCHASES
OF AMERICAN HORSES IN ANTICIPATION OF RELAXATION OF
JAPANESE RESTRICTIONS, THIS WOULD MEAN EXPORT OF 80 TO
100 HEAD OF HORSES. IMPORTS OF RACING HORSES IN 1977
TOTALLED 5, 4 FROM THE U.S. AND ONE FROM FRANCE.

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(B) WE ARE NOT SURE WHAT LED DR. PARK TO ANTICIPATE
RELAXATION. WE RECALL THAT WHEN HE WAS HERE IN THE PAST
THERE WAS SOME EXPECTATION THAT 10 PERCENT RESTRICTION ON
FOREIGN HORSES MIGHT BE VERY GRADUALLY BROADENED, BUT
WE HAVE NEVER SEEN A PROSPECT OF ANY SIGNIFICANT SHIFTS.

(C) RE PARA 3(B), ACCORDING TO THE JAPAN RACING ASSOCI-

ATION (JRA), IT IS THEIR POLICY TO GRADUALLY INCREASE THE NUMBER OF RACES IN WHICH FOREIGN HORSES CAN PARTICIPATE. HOWEVER, THE NUMBER OF MAJOR RACES IN WHICH PARTICIPATION IS ALLOWED HAS REMAINED CONSTANT THE PAST SEVERAL YEARS AT ABOUT 10 PERCENT. THE PRIMARY REASON THAT FOREIGN-BRED HORSES END UP IN ONLY ONE PERCENT OF ALL RACES IS THAT THEY MUST COMPETE WITH JAPANESE HORSES BY RACING CLASS, BASED ON SIZE OF PURSE: 3 MILLION YEN, 6 MILLION, 9 MILLION, 15 MILLION, AND "OPEN" (UNLIMITED PURSE). A RACE HORSE MUST BEGIN ITS RACING CAREER IN A RACING CLASS IN WHICH ALL OF THE HORSES HAVE NEVER WON A RACE. ONLY IF THE HORSE WINS DOES HE MOVE TO A HIGHER RACING CLASS. THE HORSE MUST THUS WIN MINOR RACES TO BE ABLE TO RUN IN MAJOR RACES.

3. JAPANESE GOVERNMENT POLICY REGARDING RACE HORSES IS MOTIVATED BY DESIRE TO DEVELOP A STRAIN OF COMPETITIVE HORSES BY JAPANESE BREEDERS, I.E., THE SO-CALLED "INFANT INDUSTRY" ARGUMENT. CURRENTLY, THERE ARE APPROXIMATELY 3,600 HORSE BREEDERS IN JAPAN; ONE PERCENT OF BREEDERS HAVE 20 OR MORE BROODMARES, 82 PERCENT HAVE 5 MARES OR LESS. FEW ARE OWNER-BREEDERS AND MAJORITY ARE FARMERS WHO RELY COMPLETELY ON INCOME FROM HORSE BREEDING. FORTY-FIVE PERCENT OF BREEDERS ARE CONCENTRATED IN HIDAKA REGION OF HOKKAIDO AND ALMOST ALL LIVE IN HOKKAIDO PREFECTURE WHERE THEY ARE MEMBERS OF THE MOST UNCLASSIFIED

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POWERFUL AGRICULTURAL COOPERATIVE IN JAPAN (HOKUREN), WITH CONSIDERABLE POLITICAL INFLUENCE IN THE DIET.

4. AN INFORMAL REPRESENTATION ON BEHALF OF DR. PARK WAS MADE BY THE EMBASSY IN MAY 1976 (RPT) 1976, WITH NO RESULTS. AT THAT TIME THERE WAS AN ADDITIONAL FACTOR OF WHAT MINISTRY OF AGRICULTURE, FORESTRY AND FISHERIES (MAFF) VIEWED AS AN OVERPRODUCTION OF RACE HORSES RESULTING FROM THE ATTRACTION OF LARGER PURSES AND HIGH PER HORSE EARNINGS. THIS SITUATION HAS CONTINUED; ACCORDING TO JRA, ANNUAL DEMAND FOR REPLACEMENT RACE HORSES IS 7,000 AGAINST 12,000 HORSES AVAILABLE ANNUALLY.

5. (FYI) N HAS A JOINT VENTURE COMPANY NAMED NIPPON ROYAL CO., LTD. (N. YUASA, PRESIDENT) LOCATED IN TOKYO. (END FYI)

6. RECOMMENDATION: IN EMBASSY VIEW, THIS IS A CASE WHICH, WHETHER OR NOT WE UTILIZE TFC CHANNEL, WE ARE MOST UNLIKELY TO WIN. AND, AS WITH OTHER TFC CASES WHERE RESULTS HAVE BEEN UNFAVORABLE, REGULATIONS IN

QUESTION ARE CLEARLY OUTSIDE MITI JURISDICTION.
RATHER THAN GO FORWARD TO HANAOKA WITH ANOTHER NON-
WINNER--ESPECIALLY AS FIRST CASE UNDER NEW PROCEDURES
INDICATED REFTTEL--WOULD PREFER TO RAISE ISSUE
DIRECTLY WITH MAFF AND JRA. EMBASSY REQUESTS

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ACTION COME-00

INFO OCT-01 EA-12 ISO-00 EB-08 L-03 AGRE-00 CIAE-00

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FM AMEMBASSY TOKYO

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INSTRUCTIONS.

MANSFIELD

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 17 may 1978
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Disposition History: n/a
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Litigation History:
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